

BASIC FINANCIAL STATEMENTS

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FOND DU LAC COUNTY, WISCONSIN

Statement of Net Assets

December 31, 2010

	Primary Government			Component Unit June 30, 2010
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and investments	\$ 14,752,893	\$ 871,604	\$ 15,624,497	\$ 325,517
Receivables				
Delinquent property taxes	2,511,104	-	2,511,104	-
Property taxes levied for ensuing year's budget	36,693,524	1,711,300	38,404,824	-
Accounts , net	1,929,180	1,061,205	2,990,385	2,503
Loans	51,793,504	-	51,793,504	-
Accrued interest	37,933	-	37,933	376
Internal balances	1,352,372	(1,352,372)	-	-
Due from other governments	3,357,130	776,552	4,133,682	-
Inventories and prepaid items	697,638	1,370,482	2,068,120	14,898
Capital assets, net of accumulated depreciation				
Work in progress	-	7,796	7,796	-
Land	3,276,455	1,152,212	4,428,667	17,387
Land improvements	6,932,590	14,375,629	21,308,219	-
Buildings/building improvements	55,235,565	11,459,812	66,695,377	2,600,349
Machinery and equipment	18,283,357	14,395,810	32,679,167	89,785
Infrastructure	60,977,285	-	60,977,285	-
Less: Accumulated depreciation	(69,151,421)	(23,672,619)	(92,824,040)	(1,506,375)
TOTAL ASSETS	188,679,109	22,157,411	210,836,520	1,544,440

(Continued)

FOND DU LAC COUNTY, WISCONSIN
Statement of Net Assets (continued)
December 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	June 30, 2010 Housing Authority
LIABILITIES				
Accounts payable	1,750,762	759,128	2,509,890	4,367
Accrued payroll liabilities	3,185,131	830,421	4,015,552	5,951
Accrued interest payable	1,100,926	-	1,100,926	-
Due to other governments	626,179	1,047	627,226	46,512
Deferred property tax revenues	37,201,379	1,711,300	38,912,679	-
Unearned revenues	738,946	88,914	827,860	11
Other liabilities	304,870	-	304,870	11,689
Long-term obligations				
Due within one year	4,517,482	232,167	4,749,649	-
Due in more than one year	80,040,419	642,095	80,682,514	-
TOTAL LIABILITIES	129,466,094	4,265,072	133,731,166	68,530
NET ASSETS				
Invested in capital assets, net of related debt	46,242,310	17,625,870	63,868,180	1,201,146
Restricted - cash	82,143	-	82,143	162,747
Restricted - CDBG loans	802,393	-	802,393	-
Restricted - county revolving loan	300,000	-	300,000	-
Restricted - sheriff canine fund	50,000	-	50,000	-
Unrestricted	11,736,169	266,469	12,002,638	112,017
TOTAL NET ASSETS	\$ 59,213,015	\$ 17,892,339	\$ 77,105,354	\$ 1,475,910

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Activities
Year Ended December 31, 2010

Functions/Programs	Primary Government						Component Unit June 30, 2010
	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
	Expenses						
PRIMARY GOVERNMENT							
Governmental Activities							
General government	\$ 8,581,523	\$ 2,675,722	\$ 650,430	\$ -	\$ (5,255,371)	\$ -	\$ (5,255,371)
Public safety	17,699,845	2,817,893	521,401	-	(14,360,551)	-	(14,360,551)
Public works	5,295,653	-	1,894,902	-	(3,400,751)	-	(3,400,751)
Health and human services	33,405,396	7,685,889	15,931,839	-	(9,787,668)	-	(9,787,668)
Culture, recreation and education	3,721,839	272,049	200,583	-	(3,249,207)	-	(3,249,207)
Conservation and development	2,376,614	1,191,984	322,499	-	(862,131)	-	(862,131)
Interest on debt	2,277,208	-	-	-	(2,277,208)	-	(2,277,208)
Total Governmental Activities	73,358,078	14,643,537	19,521,654	-	(39,192,887)	-	(39,192,887)
Business-type Activities							
Highway	10,044,044	9,980,242	4,807	-	-	(58,995)	(58,995)
Health Care Center	8,659,034	6,155,895	903,286	-	-	(1,599,853)	(1,599,853)
Rolling Meadows Nursing/Rehab Center	2,682,999	2,230,433	101,955	-	-	(350,611)	(350,611)
Airport	695,354	110,119	-	1,269,945	-	684,710	684,710
Golf Course	1,074,591	885,312	-	-	-	(189,279)	(189,279)
Landfill	84,511	18,666	-	-	-	(65,845)	(65,845)
Total Business-type Activities	23,240,533	19,380,667	1,010,048	1,269,945	-	(1,579,873)	(1,579,873)
Total Primary Government	\$ 96,598,611	\$ 34,024,204	\$ 20,531,702	\$ 1,269,945	(39,192,887)	(1,579,873)	(40,772,760)
COMPONENT UNIT							
Housing Authority	\$ 2,101,768	\$ 110,626	\$ 1,738,786	\$ 4,405	-	-	(144,420)

(Continued)

FOND DU LAC COUNTY, WISCONSIN
Statement of Activities (continued)
Year Ended December 31, 2010

Functions/Programs	Primary Government					Component Unit June 30, 2010	
	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		Total
Expenses							
General revenues							
Property taxes, levied for general purposes				29,908,783	1,399,859	31,308,642	-
Property taxes, levied for debt service				5,266,881	-	5,266,881	-
County sales taxes				4,611,301	120,000	4,731,301	-
Other taxes				896,516	-	896,516	-
State and federal aids not restricted to specific functions				3,488,582	-	3,488,582	135,279
Interest and investment earnings				254,500	34	254,534	2,634
Gain (loss) on sale of capital assets				126,823	(3,104)	123,719	(2,677)
Miscellaneous				594,057	27,351	621,408	8,885
Transfers				(850,788)	850,788	-	-
Special item - transfer of Care Management Organization to Lakeland Care District				-	(7,026,429)	(7,026,429)	-
Total general revenues, net transfers and special items				44,296,655	(4,631,501)	39,665,154	144,121
Change in net assets				5,103,768	(6,211,374)	(1,107,606)	(299)
Net assets - beginning of year				54,109,247	24,103,713	78,212,960	1,471,449
Prior period adjustment				-	-	-	4,760
Net assets - end of year				\$ 59,213,015	\$ 17,892,339	\$ 77,105,354	\$ 1,475,910

FOND DU LAC COUNTY, WISCONSIN
Balance Sheet
Governmental Funds
December 31, 2010

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Interoper- ability	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
ASSETS								
Cash and investments	\$ 12,272,029	\$ 1,432,829	\$ 418,973	\$ 456,465	\$ 15,187	\$ 2,358	\$ 73,764	\$ 14,671,605
Receivables								
Taxes	19,691,961	2,987,972	4,192,063	7,572,288	-	5,158,960	-	39,603,244
Accounts	762,234	-	181,083	355,277	-	-	1,450	1,300,044
Loans	51,793,504	-	-	-	-	-	-	51,793,504
Accrued interest	37,879	-	-	-	-	-	54	37,933
Due from other funds	1,352,372	-	-	-	-	-	-	1,352,372
Due from other governments	2,057,021	-	436,652	862,100	-	-	1,357	3,357,130
Inventories and prepaid items	441,706	-	91,425	149,898	-	-	2,111	685,140
TOTAL ASSETS	\$ 88,408,706	\$ 4,420,801	\$ 5,320,196	\$ 9,396,028	\$ 15,187	\$ 5,161,318	\$ 78,736	\$ 112,800,972
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts payable	\$ 1,030,643	\$ -	\$ 306,695	\$ 408,001	\$ -	\$ -	\$ 478	\$ 1,745,817
Accrued payroll liabilities	1,984,046	-	457,282	687,045	-	-	13,436	3,141,809
Due to other governments	440,010	-	99,456	86,713	-	-	-	626,179
Deferred revenues	69,756,416	2,987,972	4,192,063	8,069,481	-	5,158,960	-	90,164,892
Other liabilities	96,199	-	-	5,488	-	-	-	101,687
Total Liabilities	73,307,314	2,987,972	5,055,496	9,256,728	-	5,158,960	13,914	95,780,384

FOND DU LAC COUNTY, WISCONSIN
Balance Sheet (continued)
Governmental Funds
December 31, 2010

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Interoper- ability	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances								
Reserved for								
Inventories and prepaid items	441,706	-	91,425	149,898	-	-	2,111	685,140
Delinquent property taxes	1,593,602	-	-	-	-	-	-	1,593,602
Retirement of long-term debt	-	-	-	-	-	2,358	-	2,358
Sheriff canine fund	-	-	-	-	-	-	50,000	50,000
Unreserved								
Designated	7,852,034	1,432,829	-	-	15,187	-	14,822	9,314,872
Undesignated (Deficit)	5,214,050	-	173,275	(10,598)	-	-	(2,111)	5,374,616
Total Fund Balances	15,101,392	1,432,829	264,700	139,300	15,187	2,358	64,822	17,020,588
TOTAL LIABILITIES AND FUND BALANCES	\$ 88,408,706	\$ 4,420,801	\$ 5,320,196	\$ 9,396,028	\$ 15,187	\$ 5,161,318	\$ 78,736	\$ 112,800,972

FOND DU LAC COUNTY, WISCONSIN
Balance Sheet (continued)
Governmental Funds
December 31, 2010

Reconciliation to the Statement of Net Assets:

Total Fund Balances as shown on previous page

\$ 17,020,588

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

General capital assets, net of accumulated depreciation

\$ 75,516,706

Internal Service Fund capital assets, net of accumulated depreciation

75,553,831

Deferred debt issuance premiums are not available to pay for current period expenditures and therefore are not reported in the funds.

(203,183)

Internal service funds are used by management to charge the costs of central maintenance and self insured health to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

Total internal service fund net assets

52,208

Capital assets, net of depreciation, included above

(37,125)

Long term liabilities included below

30,436

Some liabilities are not due and payable in the current period and therefore are not reported in the funds:

Bonds and notes payable

(81,795,000)

State trust fund loan

(228,000)

Alliant energy advance

(8,521)

Compensated absences

(1,297,462)

Other post employment benefits

(1,228,918)

Accrued interest on long-term obligations

(1,100,926)

Revenues not meeting the availability criteria:

Deferred Revenue - Community Development Block Grant - Fond du Lac County Economic Development Corp.

802,393

Deferred Revenue - County Revolving Loan - Fond du Lac County Economic Development Corp.

300,000

Deferred Revenue - Mercury Marine Loan - Fond du Lac County Economic Development Corp.

50,691,111

Deferred Revenue - Clerk of Courts

198,079

Deferred Revenue - Interest and Penalty on Property Taxes

463,504

52,455,087

Net Assets of Governmental Activities as reported on the Statement of Net Assets (See pages 14 - 15)

\$ 59,213,015

The notes to the basic financial statements are an integral part of this statement.

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FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2010

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Interoper- ability	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues								
Taxes	\$ 18,802,086	\$ 4,947,522	\$ 4,085,053	\$ 6,909,018	\$ -	\$ 5,740,215	\$ -	\$ 40,483,894
Intergovernmental	8,166,628	1,894,902	3,695,701	8,344,627	-	-	314,356	22,416,214
Licenses and permits	365,193	-	-	-	-	-	-	365,193
Fines and forfeits	654,995	-	-	-	-	-	-	654,995
Public charges for services	3,692,169	-	2,109,448	1,176,547	-	-	117,468	7,095,632
Intergovernmental charges for services	3,939,898	-	2,136,002	-	-	-	16,036	6,091,936
Interdepartmental charges for services	2,632,354	-	331,089	238,126	-	-	-	3,201,569
Miscellaneous	1,420,970	18,249	591	43,317	-	-	4,973	1,488,100
Investment earnings	253,273	-	-	-	-	-	-	253,273
Prior year revenue	406,490	-	243,651	290,242	-	-	-	940,383
Total Revenues	40,334,056	6,860,673	12,601,535	17,001,877	-	5,740,215	452,833	82,991,189
Expenditures								
Current								
General government	11,564,876	-	-	-	-	-	-	11,564,876
Public safety	16,396,485	-	-	-	-	-	6,623	16,403,108
Public works	-	6,011,387	-	-	-	-	-	6,011,387
Health and human services	6,599,377	-	11,337,584	15,392,947	-	-	531,018	33,860,926
Culture, recreation and education	3,847,357	-	-	-	-	-	-	3,847,357
Conservation and development	32,557,480	-	-	-	-	-	-	32,557,480
Capital outlay	1,264,187	-	-	-	45,606	-	-	1,309,793
Debt service	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	3,980,642	-	3,980,642
Interest and fiscal charges	-	-	-	-	-	1,791,591	-	1,791,591
Total Expenditures	72,229,762	6,011,387	11,337,584	15,392,947	45,606	5,772,233	537,641	111,327,160

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (continued)
Governmental Funds
Year Ended December 31, 2010

	General	County Road & Bridge	Dept of Community Programs	Dept of Social Services	Capital Projects Interoper- ability	Debt Service	Total Nonmajor Governmental Funds	Total Governmental Funds
Excess (Deficit) of Revenues Over Expenditures	(31,895,706)	849,286	1,263,951	1,608,930	(45,606)	(32,018)	(84,808)	(28,335,971)
Other Financing Sources (Uses)								
Long-term debt issued	31,400,000	-	-	-	-	-	-	31,400,000
Issuance premium on long term debt	-	-	-	-	-	2,358	-	2,358
Transfers in	2,903,332	-	-	-	-	75,000	48,863	3,027,195
Transfers out	(402,195)	(702,476)	(1,053,366)	(1,622,370)	(29,950)	(42,982)	-	(3,853,339)
Total Other Financing Sources (Uses)	33,901,137	(702,476)	(1,053,366)	(1,622,370)	(29,950)	34,376	48,863	30,576,214
Net Change in Fund Balances	2,005,431	146,810	210,585	(13,440)	(75,556)	2,358	(35,945)	2,240,243
Fund Balances - Beginning of Year	13,095,961	1,286,019	54,115	152,740	90,743	-	100,767	14,780,345
Fund Balances - End of Year	\$ 15,101,392	\$ 1,432,829	\$ 264,700	\$ 139,300	\$ 15,187	\$ 2,358	\$ 64,822	\$ 17,020,588

(Continued)

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance (continued)
Governmental Funds
Year Ended December 31, 2010

Reconciliation to the Statement of Activities:

Net Change in Fund Balances from previous page \$ 2,240,243

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and is reported as depreciation expense.

Capital outlay	\$ 6,254,473
Depreciation expense	<u>(5,604,535)</u>
	649,938

The net effect of the loss on disposal of capital assets is to decrease net assets.

(2,035)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

30,535,647

The net expenditure of the central maintenance internal service fund is reported with governmental activities.

(12,892)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued or incurred:

Issuance of general obligation promissory notes

Principal repayments:

General obligation debt

Alliant Energy advance

(31,400,000)	
3,750,000	
<u>230,642</u>	(27,419,358)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Expense transactions:

Compensated absences

Other post employment benefits

Accrued interest

Amortization of issuance costs

17,518	
(299,188)	
(489,357)	
<u>(116,748)</u>	(887,775)

Change in Net Assets of Governmental Activities as reported on the Statement of Activities (see pages 16 - 17)

\$ 5,103,768

The notes to the basic financial statements are an integral part of this statement.

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FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 20,118,722	\$ 18,530,640	\$ 18,802,086	\$ 271,446
Intergovernmental	7,739,471	9,114,975	8,166,628	(948,347)
Licenses and permits	362,246	362,776	365,193	2,417
Fines and forfeits	710,000	710,000	654,995	(55,005)
Public charges for services	3,387,755	3,478,115	3,692,169	214,054
Intergovernmental charges for services	3,775,914	3,803,734	3,939,898	136,164
Interdepartmental charges for services	2,831,942	2,861,942	2,632,354	(229,588)
Miscellaneous	1,104,703	921,703	2,080,733	1,159,030
Total Revenues	40,030,753	39,783,885	40,334,056	550,171
Expenditures				
Current				
General government	14,023,366	12,418,995	11,564,876	854,119
Public safety	16,478,278	16,995,873	16,396,485	599,388
Health and human services	6,643,717	7,655,925	6,599,377	1,056,548
Culture, recreation and education	3,990,757	4,968,976	3,847,357	1,121,619
Conservation and development	22,923,256	32,859,810	32,557,480	302,330
Capital outlay	791,000	1,902,672	1,264,187	638,485
Contingency	71,205	-	-	-
Total Expenditures	64,921,579	76,802,251	72,229,762	4,572,489
Excess (Deficit) of Revenues Over Expenditures	(24,890,826)	(37,018,366)	(31,895,706)	5,122,660
Other Financing Sources (Uses)				
Long-term debt issued	22,377,000	31,770,500	31,400,000	(370,500)
Transfers in	173,000	218,000	2,903,332	2,685,332
Transfers out	(194,604)	(196,110)	(402,195)	(206,085)
Total Other Financing Sources (Uses)	22,355,396	31,792,390	33,901,137	2,108,747
Net Change in Fund Balance	(2,535,430)	(5,225,976)	2,005,431	7,231,407
Fund Balance - Beginning of Year	13,095,961	13,095,961	13,095,961	-
Fund Balance - End of Year	\$ 10,560,531	\$ 7,869,985	\$ 15,101,392	\$ 7,231,407

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
County Road & Bridge Fund
Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property	\$ 3,009,895	\$ 2,947,522	\$ 2,947,522	\$ -
County sales	-	2,000,000	2,000,000	-
Intergovernmental				
CHIPS funding	120,000	120,000	155,213	35,213
Local transportation aids	1,733,650	1,733,650	1,739,689	6,039
Miscellaneous	-	-	18,249	18,249
Total Revenues	4,863,545	6,801,172	6,860,673	59,501
Expenditures				
Current				
Public works				
County highway maintenance	5,811,610	5,871,328	4,930,281	941,047
County highway winter maintenance	1,812,850	1,812,850	1,024,312	788,538
County construction/road & bridge	106,460	106,460	56,794	49,666
Total Expenditures	7,730,920	7,790,638	6,011,387	1,779,251
Excess (Deficit) of Revenues Over Expenditures	(2,867,375)	(989,466)	849,286	1,838,752
Other Financing Sources (Uses)				
Long-term debt issued	2,000,000	-	-	-
Transfers out	(71,240)	(69,551)	(702,476)	(632,925)
Total Other Financing Sources (Uses)	1,928,760	(69,551)	(702,476)	(632,925)
Net Change in Fund Balance	(938,615)	(1,059,017)	146,810	1,205,827
Fund Balance - Beginning of Year	1,286,019	1,286,019	1,286,019	-
Fund Balance - End of Year	\$ 347,404	\$ 227,002	\$ 1,432,829	\$ 1,205,827

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Department of Community Programs
Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 4,176,780	\$ 4,085,053	\$ 4,085,053	\$ -
Intergovernmental				
Basic allocation	1,563,226	1,563,226	1,563,225	(1)
CLTS	1,257,204	1,257,204	1,291,783	34,579
Birth to Three	266,374	266,374	234,366	(32,008)
Family support	77,000	77,000	71,415	(5,585)
Alcohol and other drug abuse	357,913	357,913	357,918	5
Integrated service	79,891	79,891	80,000	109
Non-resident	-	-	15,040	15,040
Mental health	37,307	37,307	81,954	44,647
Public charges for services				
Mental health	1,753,290	1,753,290	1,646,815	(106,475)
Developmental disabilities	18,910	18,910	24,420	5,510
Alcohol and other drug abuse	350,490	350,490	342,999	(7,491)
Administration	98,570	98,570	95,214	(3,356)
Intergovernmental charges for services				
Acute unit - net	1,917,500	1,917,500	2,136,002	218,502
Interdepartmental charges for services	386,086	386,086	331,089	(54,997)
Miscellaneous	3,716	3,716	591	(3,125)
Prior year revenue	350,000	350,000	243,651	(106,349)
Total Revenues	12,694,257	12,602,530	12,601,535	(995)
Expenditures				
Current				
Health and human services				
Mental health	8,631,918	8,597,796	7,909,519	688,277
Developmental disabilities	2,034,927	2,033,037	1,646,057	386,980
Physical disabilities	31,000	31,000	39,030	(8,030)
Alcohol and other drug abuse	1,301,702	1,300,742	1,088,328	212,414
Administration	694,710	694,070	654,650	39,420
Total Expenditures	12,694,257	12,656,645	11,337,584	1,319,061
Excess (Deficit) of Revenues Over Expenditures	-	(54,115)	1,263,951	1,318,066
Other Financing Sources (Uses)				
Transfers out	-	-	(1,053,366)	(1,053,366)
Net Change in Fund Balance	-	(54,115)	210,585	264,700
Fund Balance - Beginning of Year	54,115	54,115	54,115	-
Fund Balance - End of Year	\$ 54,115	\$ -	\$ 264,700	\$ 264,700

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Department of Social Services
Year Ended December 31, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 7,108,638	\$ 6,909,018	\$ 6,909,018	\$ -
Intergovernmental				
Child care	203,904	203,904	303,506	99,602
Community options/waivers	558,868	558,868	565,237	6,369
Income maintenance	2,573,952	2,574,702	2,976,158	401,456
Kinship	183,754	183,754	171,122	(12,632)
Low income home energy assistance	149,251	149,251	190,573	41,322
Social welfare - basic county allocation	3,215,810	3,223,310	3,287,771	64,461
Youth aids	546,226	546,226	680,357	134,131
Administration	170,331	170,331	169,903	(428)
Public charges for services				
Child care	38,000	38,000	32,618	(5,382)
Community options/waivers	14,000	14,000	10,304	(3,696)
Family care	712,832	712,832	141,656	(571,176)
Income maintenance	4,300	4,300	4,340	40
Social welfare - basic county allocation	723,000	723,000	794,252	71,252
Youth aids	263,000	263,000	193,377	(69,623)
Interdepartmental charges for services				
Social welfare - basic county allocation	105,000	105,000	208,777	103,777
Youth aids	29,349	29,349	29,349	-
Miscellaneous	51,142	51,142	333,559	282,417
Total Revenues	16,651,357	16,459,987	17,001,877	541,890
Expenditures				
Current				
Health and human services				
Adult abuse	36,742	36,742	36,999	(257)
Child care	241,904	241,904	341,312	(99,408)
Community options/waivers	572,868	572,868	575,606	(2,738)
Family care	712,832	712,832	150,085	562,747
Income maintenance	3,699,190	3,684,000	4,053,951	(369,951)
Kinship	183,754	183,754	171,175	12,579
Low income home energy assistance	149,251	149,251	190,573	(41,322)
Social welfare - basic county allocation	8,567,813	8,544,373	7,899,538	644,835
Youth aids	2,211,786	2,211,786	1,697,272	514,514
Administration	275,217	275,217	276,436	(1,219)
Total Expenditures	16,651,357	16,612,727	15,392,947	1,219,780
Excess (Deficit) of Revenues Over Expenditures	-	(152,740)	1,608,930	1,761,670
Other Financing Sources (Uses)				
Transfers out	-	-	(1,622,370)	(1,622,370)
Net Change in Fund Balance	-	(152,740)	(13,440)	139,300
Fund Balance - Beginning of Year	152,740	152,740	152,740	-
Fund Balance - End of Year	\$ 152,740	\$ -	\$ 139,300	\$ 139,300

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Net Assets
Proprietary Funds
December 31, 2010

	Business-type Activities-Enterprise Funds							Governmental Activities-Internal Service Funds	
	Highway	Care Management Organization	Health Care Center	Nursing/Rehab Center	Rolling Meadows	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds	
ASSETS									
Current Assets									
Cash and investments	\$ 482,319	\$ -	\$ 379,728	\$ -	\$ -	\$ -	\$ 9,557	\$ 871,604	\$ 81,288
Taxes receivable	8,000	-	1,617,645	-	-	32,695	52,960	1,711,300	230,520
Accounts receivable	226,842	-	833,856	-	-	-	507	1,061,205	-
Due from other governments	776,552	-	-	-	-	-	-	776,552	-
Inventories and prepaid items	1,181,050	-	144,491	-	-	-	44,941	1,370,482	12,498
Total Current Assets	2,674,763	-	2,975,720	-	-	32,695	107,965	5,791,143	324,306
Capital Assets									
Work in progress	7,796	-	-	-	-	-	-	7,796	-
Land/land improvements	524,866	-	664,278	-	-	11,116,529	3,222,168	15,527,841	-
Buildings/building improvements	2,714,140	-	6,709,969	-	-	1,758,340	277,363	11,459,812	-
Machinery and equipment	11,560,463	-	1,569,079	-	-	362,259	904,009	14,395,810	253,101
Less accumulated depreciation	(8,491,872)	-	(6,544,723)	-	-	(6,455,299)	(2,180,725)	(23,672,619)	(215,976)
Total Capital Assets - Net	6,315,393	-	2,398,603	-	-	6,781,829	2,222,815	17,718,640	37,125
TOTAL ASSETS	8,990,156	-	5,374,323	-	-	6,814,524	2,330,780	23,509,783	361,431
LIABILITIES									
Current Liabilities									
Accounts payable	143,081	-	579,843	-	-	658	35,546	759,128	4,945
Accrued payroll liabilities	311,862	-	497,383	-	-	1,481	19,695	830,421	43,322
Due to other funds	-	-	-	34,391	-	43,802	1,274,179	1,352,372	-
Due to other governments	715	-	212	-	-	-	120	1,047	-
Unearned revenues	24,622	-	1,677,085	-	-	42,672	55,835	1,800,214	230,520
Current maturities of long-term obligations	130,614	-	101,553	-	-	-	-	232,167	4,809
Total Current Liabilities	610,894	-	2,856,076	34,391	-	88,613	1,385,375	4,975,349	283,596
Long-term Obligations									
Noncurrent portion of long-term obligations	291,800	-	337,882	-	-	893	11,520	642,095	25,627
TOTAL LIABILITIES	902,694	-	3,193,958	34,391	-	89,506	1,396,895	5,617,444	309,223
NET ASSETS									
Invested in capital assets, net of related debt	6,268,626	-	2,352,600	-	-	6,781,829	2,222,815	17,625,870	37,125
Unrestricted (deficit)	1,818,836	-	(172,235)	(34,391)	-	(56,811)	(1,288,930)	266,469	15,083
TOTAL NET ASSETS (DEFICIT)	\$ 8,087,462	\$ -	\$ 2,180,365	\$ (34,391)	\$ (34,391)	\$ 6,725,018	\$ 933,885	\$ 17,892,339	\$ 52,208

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
Year Ended December 31, 2010

	Business-type Activities-Enterprise Funds						Governmental Activities-Internal Service Funds
	Highway	Care Management Organization	Health Care Center	Rolling Meadows Nursing/Rehab Center	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds
Operating Revenues							
Public charges for services	\$ 25	\$ -	\$ 4,146,553	\$ 2,229,571	\$ 109,619	\$ 895,477	\$ 7,381,245
Intergovernmental charges for services	2,985,964	-	-	-	500	-	2,986,464
Interdepartmental charges for services	6,991,233	-	2,007,300	-	-	7,843	9,006,376
Miscellaneous	3,020	-	2,042	862	-	658	6,582
Total Operating Revenues	9,980,242	-	6,155,895	2,230,433	110,119	903,978	19,380,667
Operating Expenses							
General government	-	-	-	-	-	-	537,224
Public works	9,069,930	-	-	-	111,040	67,617	9,248,587
Health and human services	-	-	8,354,422	2,668,441	-	-	11,022,863
Culture, recreation and education	-	-	-	-	-	900,158	900,158
Depreciation	960,651	-	289,654	-	584,314	136,734	1,971,353
Total Operating Expenses	10,030,581	-	8,644,076	2,668,441	695,354	1,104,509	23,142,961
Operating Income (Loss)	(50,339)	-	(2,488,181)	(438,008)	(585,235)	(200,531)	(3,762,294)
Nonoperating Revenues (Expenses)							
Property taxes	2,474	-	1,310,055	-	20,360	66,970	1,399,859
County sales tax	120,000	-	-	-	-	-	120,000
Intergovernmental	4,807	-	903,286	101,955	-	-	1,010,048
Investment income	-	-	-	-	-	34	34
Miscellaneous revenue	26,000	-	1,351	-	-	-	27,351
Payment in lieu of taxes	-	-	-	-	-	(51,500)	(51,500)
Interest expense	(13,463)	-	(14,958)	(14,558)	-	(3,093)	(46,072)
Gain (loss) on sale of capital assets	-	-	-	-	2,090	(5,194)	(3,104)
Total nonoperating revenue (expense)	139,818	-	2,199,734	87,397	22,450	7,217	2,456,616
Income (loss) before contributions and transfers	89,479	-	(288,447)	(350,611)	(562,785)	(193,314)	(1,305,678)
Capital contributions - state/federal	-	-	-	-	1,269,945	-	1,269,945
Transfers in	715,939	-	14,958	272,891	-	-	1,003,788
Transfers out	-	-	-	-	(153,000)	-	(153,000)
Special item - transfer to Lakeland Care District	-	(7,026,429)	-	-	-	-	(7,026,429)
Change in Net Assets	805,418	(7,026,429)	(273,489)	(77,720)	554,160	(193,314)	(6,211,374)
Net Assets - Beginning of Year	7,282,044	7,026,429	2,453,854	43,329	6,170,858	1,127,199	24,103,713
Net Assets (deficit) - End of Year	\$ 8,087,462	\$ -	\$ 2,180,365	\$ (34,391)	\$ 6,725,018	\$ 933,885	\$ 17,892,339
							\$ 52,208

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN
Statement of Cash Flows
Proprietary Funds
Year Ended December 31, 2010

	Business-type Activities-Enterprise Funds							Governmental Activities-Internal Service Funds
	Highway	Care Management Organization	Health Care Center	Rolling Meadows Nursing/Rehab Center	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds	
Cash Flows from Operating Activities:								
Cash received from user charges	\$ 2,844,592	\$ 415,469	\$ 4,029,280	\$ 2,534,113	\$ 112,710	\$ 903,471	\$ 10,839,635	\$ 348,416
Cash received from other funds	6,991,233	-	2,007,300	-	-	-	8,998,533	-
Cash payments to suppliers	(5,025,636)	(3,418,331)	(1,409,477)	(1,486,651)	8,023	(492,745)	(11,824,817)	(59,745)
Cash payments to employees	(4,182,283)	(249,185)	(6,250,084)	(1,407,750)	(63,924)	(367,149)	(12,520,375)	(475,051)
Net Cash Provided (Used) by Operating Activities	627,906	(3,252,047)	(1,622,981)	(360,288)	56,809	43,577	(4,507,024)	(186,380)
Cash Flows from Noncapital Financing Activities:								
Property taxes	2,474	-	1,310,055	-	20,360	66,970	1,399,859	215,855
Intergovernmental	4,807	-	527,372	101,955	-	-	634,134	-
Transfers in	715,939	-	14,958	272,891	-	-	1,003,788	-
Transfers out	-	-	-	-	(153,000)	-	(153,000)	(24,644)
Special item - transfer to Lakeland Care District	-	(6,180,551)	-	-	-	-	(6,180,551)	-
Net Cash Provided (Used) by Noncapital Financing Activities	723,220	(6,180,551)	1,852,385	374,846	(132,640)	66,970	(3,295,770)	191,211
Cash Flows from Capital and Related Financing Activities:								
Acquisition of capital assets	(1,204,530)	-	(171,032)	-	(363,812)	(46,110)	(1,785,484)	(20,927)
Principal payments on long-term debt	(11,693)	-	(11,500)	-	-	(11,342)	(34,535)	-
Payment in lieu of taxes	-	-	-	-	-	(51,500)	(51,500)	-
Interest payments on long-term debt	(13,463)	-	(16,981)	(14,558)	-	(3,093)	(48,095)	-
Net Cash Used by Capital and Related Financing Activities	(1,229,686)	-	(199,513)	(14,558)	(363,812)	(112,045)	(1,919,614)	(20,927)
Cash Flows from Investing Activities:								
Investment income	-	-	-	-	-	34	34	-
Net Increase (Decrease) in Cash and Cash Equivalents	121,440	(9,432,598)	29,891	-	(439,643)	(1,464)	(9,722,374)	(16,096)
Cash and Cash Equivalents - Beginning of Year	360,879	9,432,598	349,837	-	439,643	11,021	10,593,978	97,384
Cash and Cash Equivalents - End of Year	\$ 482,319	\$ -	\$ 379,728	\$ -	\$ -	\$ 9,557	\$ 871,604	\$ 81,288

Cash Flows from Operating Activities:
Cash received from user charges
Cash received from other funds
Cash payments to suppliers
Cash payments to employees
Net Cash Provided (Used) by Operating Activities

Cash Flows from Noncapital Financing Activities:
Property taxes
Intergovernmental
Transfers in
Transfers out
Special item - transfer to Lakeland Care District
Net Cash Provided (Used) by Noncapital Financing Activities

Cash Flows from Capital and Related Financing Activities:
Acquisition of capital assets
Principal payments on long-term debt
Payment in lieu of taxes
Interest payments on long-term debt
Net Cash Used by Capital and Related Financing Activities

Cash Flows from Investing Activities:
Investment income

Net Increase (Decrease) in Cash and Cash Equivalents

Cash and Cash Equivalents - Beginning of Year

Cash and Cash Equivalents - End of Year

(Continued)

FOND DU LAC COUNTY, WISCONSIN
Statement of Cash Flows (continued)
Proprietary Funds
Year Ended December 31, 2010

	Business-type Activities-Enterprise Funds						Governmental Activities-Internal Service Funds
	Highway	Care Management Organization	Health Care Center	Rolling Meadows Nursing/Rehab Center	Airport	Other Nonmajor Enterprise Funds	Total Enterprise Funds
\$ (50,339) \$	-	\$ (2,488,181)	\$ (438,008)	\$ (585,235)	\$ (200,531)	\$ (3,762,294)	\$ (204,103)
960,651	-	289,654	-	584,314	136,734	1,971,353	15,295
(172,418)	415,469	(525,073)	304,542	2,591	(507)	24,604	-
92,917	-	-	-	-	-	92,917	-
(25,900)	-	(13,430)	21,337	-	(2,220)	(20,213)	3,234
(60,501)	(3,418,284)	469,328	(17,109)	(1,701)	23,971	(3,004,296)	1,028
(46,649)	(193,360)	115,708	(110,683)	(101)	(4,423)	(239,508)	(3,002)
(71,841)	-	-	(19,793)	43,802	103,057	55,225	-
(84)	(47)	2	-	-	(4,240)	(4,369)	-
24,622	-	421,899	(16,488)	13,140	(27)	443,146	-
(22,552)	(55,825)	107,112	(84,086)	(1)	(8,237)	(63,589)	1,168
\$ 627,906 \$	\$ (3,252,047)	\$ (1,622,981)	\$ (360,288)	\$ 56,809	\$ 43,577	\$ (4,507,024)	\$ (186,380)

Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities
 Operating income (loss)
 Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:
 Depreciation
 Changes in assets and liabilities
 Accounts receivable
 Due from other governments
 Inventories and prepaid items
 Accounts payable
 Accrued liabilities
 Due to other funds
 Due to other governments
 Unearned revenues
 Other liabilities
 Net Cash Provided (Used) by Operating Activities

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY
Statement of Net Assets
Agency Funds
December 31, 2010

	Agency Funds
ASSETS	
Cash and investments	\$ 10,031,681
Receivables	
Delinquent special assessments	225,144
Accounts	487
Due from other governments	<u>1,183,468</u>
TOTAL ASSETS	<u><u>\$ 11,440,780</u></u>
LIABILITIES	
Accounts payable	\$ 336,698
Due to other governments	10,152,643
Deferred revenue	42,370
Other liabilities	<u>909,069</u>
TOTAL LIABILITIES	<u><u>\$ 11,440,780</u></u>

The notes to the basic financial statements are an integral part of this statement.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Fond du Lac County ("the County"), Fond du Lac, Wisconsin, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the County are described below:

1. Reporting Entity

The County is a municipal corporation governed by an elected 18 member board. In accordance with GAAP, the basic financial statements are required to include the County (the primary government) and any separate component units. The basic criterion for including a legally separate organization as a component unit is the degree of financial accountability the County has with the organization. The following circumstances set forth the County's financial accountability for a legally separate organization:

- a. The County is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the County.
- b. The County may be financially accountable if an organization is fiscally dependent on the County regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

Based on the previous criterion, the following component unit is included within the reporting entity.

Housing Authority of Fond du Lac County

The basic financial statements include the Housing Authority of Fond du Lac County (Housing Authority) as a component unit. The Housing Authority is a legally separate organization. The board of the Housing Authority is appointed by the County Executive. Wisconsin Statutes provide for circumstances whereby the County can impose its will on the Housing Authority, and also create a potential financial benefit to, or burden on, the County. As a component unit, the Housing Authority's financial statements have been presented as a discrete column in the basic financial statements. It is reported in a separate column to emphasize that it is legally separate from the County. The Housing Authority is a separate entity established to administer the housing program for low and moderate income families. It is funded by federal and state grants and rental income. The information presented is for the fiscal year ended June 30, 2010. Separately issued financial statements of the Housing Authority may be obtained from the Housing Authority's office at 15 North Marr Street, Fond du Lac, WI.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are supported primarily by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Governmental funds include general, special revenue, permanent, debt service and capital projects funds. Proprietary funds include enterprise funds and internal service funds. The County has two internal service funds: Central Maintenance and Health Self Insurance. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

GENERAL FUND

This is the County's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

COUNTY ROAD & BRIDGE FUND

This fund accounts for financial resources used for the maintenance and construction of County road and bridge system.

DEPT OF COMMUNITY PROGRAMS FUND

This fund accounts for financial resources used to provide State mandated services to clients with mental health, alcohol and other drug abuse, developmental disability and closely-related conditions.

DEPT OF SOCIAL SERVICES FUND

This fund accounts for financial resources used to provide services to clients in the areas of income maintenance, counseling and other human services.

CAPITAL PROJECT FUND

This fund accounts for financial resources used for the acquisition, construction and remodeling of major capital facilities other than those financed by proprietary funds and trust funds.

DEBT SERVICE FUND

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The County reports the following major enterprise funds:

HIGHWAY

This fund accounts for the activities associated with the maintenance and construction of roadways and bridges located within the County.

CARE MANAGEMENT ORGANIZATION

This fund accounts for the activities associated with the family care program serving disabled and elderly clients within a managed care system.

HEALTH CARE CENTER

This fund accounts for the activities associated with the skilled nursing facility serving disabled clients.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

ROLLING MEADOWS NURSING/REHAB CENTER

This fund accounts for the activities associated with the skilled nursing facility serving elderly clients, including a Medicare certified therapy program.

AIRPORT

This fund accounts for the activities associated with the County's airport facilities.

Additionally, the government reports the following fund types:

Internal service funds account for central maintenance services and health self insurance services provided to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

The *permanent fund* is used to account for resources legally held in trust for the Sheriff Canine Program. Only earnings on the invested resources may be used to support the Sheriff Canine Program.

The County accounts for assets held as an agent for Patient Trust Activity, District Attorney Restitution Activities, Huber Law/Canteen Activities, Clerk of Courts Fund, and Tax Collection Activities in an *agency fund*.

3. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, other fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

Certain private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following certain subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges to the County's enterprise funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources, as they are needed.

4. Assets, Liabilities and Net Assets or Equity

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less from date of acquisition are considered to be cash equivalents.

b. Accounts Receivable

Accounts receivable have been shown net of allowance for uncollectible accounts of \$2,247,576.

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as advances and are offset by a reservation of fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net assets for internal balances represents the residual balance outstanding between the governmental activities and business-type activities.

d. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by fund balance reserve amounts to indicate that they do not represent spendable available financial resources.

e. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental funds in the fund financial statements are offset by fund balance reserve amounts to indicate that they do not represent spendable available financial resources.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$500 or higher for general capital assets or \$3,000 for road and bridge infrastructure, and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives:

	Governmental Activities	Business-Type Activities
	Years	
Assets		
Land improvements	25-100	25-100
Building/building improvements	25-50	25-50
Machinery and equipment	3-10	3-10
Infrastructure	10-50	-

g. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

h. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet recognizable.

i. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt – Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets – Amount of net assets that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets – Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

5. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. During October, County management submits to the County Board a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by County Board action.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund, special revenue funds, debt service fund, capital project fund, internal service funds and enterprise funds. Budget is defined as the originally approved budget plus or minus approved amendments. Individual amendments throughout the year were not material in relation to the original budget. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the general fund, special revenue funds, debt service fund, internal service funds and enterprise funds. Management control for the capital projects funds is achieved through project authorizations included in debt issue resolutions.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

- d. Expenditures may not exceed appropriations provided in detailed budget accounts maintained for each activity or department of the County. Amendments to the budget during the year require initial approval by management and the committee of jurisdiction and are subsequently authorized by the County Board. Minor budgetary transfers within an activity or department, defined as \$1,500 or ten percent of the activity or department's aggregate approved budget, whichever is less, may be authorized by action of the Finance, Personnel, and Economic Development Committee of the County Board, without going to the full County Board for approval.
- e. Encumbrance accounting is used by the County to record commitments related to unperformed contracts for goods or services.

The County did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2010.

2. Excess of Expenditures Over Budget Appropriations

The following expenditure accounts of the general, major special revenue and debt service funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2010 as follows:

Fund	Function	Excess Expenditures
General Fund	Family Court Commissioner	\$ 3,003
General Fund	Corporation Counsel	2,557
General Fund	Register of Deeds	32,210
General Fund	Miscellaneous Nondept Revenues	533,575
General Fund	Jail Building Maintenance	21,026
General Fund	Emergency Management	13,160
General Fund	Family Support	11,242
General Fund	Planning	3,750
General Fund	County Promotion	892
General Fund	CDBG-Emergency Assistance Prog	307,906
General Fund	CDBG-Revolving Loan Fund	34,294
Dept of Community Prog	Physical disabilities	8,030
Dept of Social Services	Adult abuse	257
Dept of Social Services	Child care	99,408
Dept of Social Services	Community options/waivers	2,738
Dept of Social Services	Income maintenance	369,951
Dept of Social Services	Low income home energy assistance	41,322
Dept of Social Services	Administration	1,219
Debt Service Fund	Interest and fiscal charges	566

The above excess expenditures were funded using favorable revenue variances and available fund balance in the general, special revenue and debt service funds.

3. Deficit Net Assets

The Rolling Meadows Nursing/Rehab Center had deficit net assets of \$34,391 as of December 31, 2010. The County anticipates funding the above deficit from future revenues of the fund after the merger with the Health Care Center facility.

FOND DU LAC COUNTY, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

PRIMARY GOVERNMENT

The County maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the County's cash and investments totaled \$25,656,178 on December 31, 2010 as summarized below:

Cash on hand	\$ 9,640
Deposits with financial institutions	19,117,912
Investment	
Wisconsin local government investment pool	6,528,626
	<u>\$ 25,656,178</u>

Reconciliation to the basic financial statements:

Basic financial statements	
Cash and investments	\$ 15,624,497
Fiduciary funds	
Agency funds	10,031,681
	<u>\$ 25,656,178</u>

Deposits and investments of the County are subject to various risks. Presented below is a discussion of the County's deposits and investments and the related risks.

Deposits with Financial Institutions

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings deposits and \$250,000 for demand deposits per official custodian per insured depository institution. Deposits with financial institutions located outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 per official custodian per depository institution. Deposits with credit unions are insured by the National Credit Union Share Insurance Fund (NCUSIF) in the amount of \$250,000 per credit union member. In addition, the County's non-interest bearing transaction accounts are fully insured through December 31, 2012. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2010, none of the County's deposits with financial institutions is in excess of federal and state depository insurance limits and uncollateralized.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

Custodial credit for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The County's policy is to have their operating bank collateralize their average balance on deposit.

Investments

The County has investments in the Wisconsin local government investment pool of \$6,528,626 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2010, the fair value of the County's share of the LGIP's assets was substantially equal to the carrying value.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. The County does not have an additional credit risk policy. The County's investment in the Wisconsin local government investment pool is not rated.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment is, the greater the sensitivity of its fair value to changes in market interest rates. The County does not have an interest rate risk policy. The investments held by the Wisconsin local government investment pool mature in 12 months or less.

DISCRETELY PRESENTED COMPONENT UNIT

At year end, the carrying amount of the Housing Authority, a discretely presented component unit, was \$325,517 and the bank balance was \$329,309. All of the bank balance was covered by FDIC insurance.

2. Property Tax Apportionments

Property taxes are apportioned annually in November to local taxing units within the County for financing state charges and the subsequent year's operations of the County. Since the November apportionment is not due from local taxing districts until February of the subsequent year, the County's apportionment is recorded as deferred revenue at year-end. Property tax payments from individual property owners are due in two installments by January 31 and July 31. During the month of February, each local taxing district settles with the County for both collected and unpaid property taxes. At the February settlement, the County becomes responsible for the collection of unpaid property taxes, including unpaid property taxes returned by local taxing districts for financing their individual operations. Property taxes subsequently not paid by property owners by September 1 of the same year are considered delinquent. The delinquent taxes are then acquired by the County's general fund in accordance with state statutes in order to provide the County with a statutory lien.

Property taxes recorded on December 31, 2010 for collection in 2011 are for the following:

State apportionment	\$ 1,183,468
County apportionment	38,404,824
	<u>\$39,588,292</u>

The above County apportionment of \$38,404,824 is for financing 2011 operations and will be transferred in 2011 from deferred revenue to current revenues of the County's governmental and proprietary funds.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

3. Delinquent Property Taxes - General Fund

Delinquent property taxes of the general fund represent unpaid property taxes on real estate, including state and local government equities therein. Under state statutes, the County annually reimburses the state and local governments for their equities in property taxes not collected from the property owner. Unless redeemed by the property owner, the County will eventually obtain tax deed ownership of the properties comprising delinquent taxes. In the past, the County has generally been able to recover its investment in delinquent taxes by sale of the tax deeded properties.

On December 31, 2010, the County's general fund showed an investment of \$2,511,104 in delinquent taxes as follows:

Tax certificates	\$2,437,594
Tax deeds	73,510
Total	<u>\$2,511,104</u>

An aging of the total delinquent taxes of \$2,511,104 on December 31, 2010 follows:

<u>Year Acquired</u>	<u>Total</u>	<u>Tax Certificates</u>	<u>Tax Deeds</u>
Prior to 2005	\$ 1,578	\$ 1,552	\$ 26
2005	1,374	1,374	-
2006	1,029	1,029	-
2007	7,403	7,403	-
2008	161,790	161,790	-
2009	622,369	620,676	1,693
2010	1,715,561	1,643,770	71,791
	<u>\$2,511,104</u>	<u>\$2,437,594</u>	<u>\$ 73,510</u>

Of the total of \$2,511,104 for delinquent taxes, \$409,647 was collected by the County within 60 days after December 31, 2010. Of the remaining unpaid balance, \$1,593,602 is recorded as reserved general fund balance and \$507,855 is recorded as a deferred property tax liability on the general fund balance sheet.

4. Accounts Receivable

Accounts receivable as of year end for the County's individual major governmental funds and aggregate nonmajor governmental, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Dept of Community Programs</u>	<u>Dept of Social Services</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Accounts Receivable:					
Accounts	\$ 762,234	\$ 2,428,659	\$ 355,277	\$ 1,450	\$ 3,547,620
Accrued interest	37,879	-	-	54	37,933
Due from other governments	2,057,021	436,652	862,100	1,357	3,357,130
Gross receivables	2,857,134	2,865,311	1,217,377	2,861	6,942,683
Less: allowance for uncollectibles	-	2,247,576	-	-	2,247,576
Net total accounts receivable	<u>\$ 2,857,134</u>	<u>\$ 617,735</u>	<u>\$ 1,217,377</u>	<u>\$ 2,861</u>	<u>\$ 4,695,107</u>

There is no allowance for uncollectibles in any proprietary fund type receivable.

5. Loans Receivable

Loans receivable as of year end for the County's general funds are as follows:

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

	General
Loans Receivable:	
Mercury Marine loan	\$ 50,691,111
CDBG loans	802,393
County revolving loan	300,000
Total loans receivable	<u>\$ 51,793,504</u>

The Fond du Lac County Economic Development Corporation is acting as the County's fiscal agent for all loans receivable noted.

In 2009, the County approved borrowing up to \$50,000,000 to provide economic support to Mercury Marine. The County Board determined it to be in the best interest of the County to provide financial assistance to Mercury Marine to limit job loss and to minimize reductions in property values and increased unemployment. The borrowings and financial assistance were completed in 2009 and 2010.

The Mercury Marine loan accrues interest at a rate of two percent. Interest and principal payments commence in 2012, with the outstanding balance of principal and all accrued but unpaid interest due in full in 2021. Each year commencing in 2012, a portion of the principal balance will be forgiven based on the number of employees retained and added. The formula for calculating the amount forgiven annually is pursuant to a financing agreement among Fond du Lac County, the Economic Development Corporation, the City of Fond du Lac and Mercury Marine.

The CDBG loans are to a number of companies as part of a Community Development Block Grant revolving loan fund, funded by the Wisconsin Department of Commerce. The County Revolving loan is a loan fund, funded by Fond du Lac County. The loans are at low interest rates and for various terms.

6. Capital Assets

Capital asset activity of the County for the year ended December 31, 2010 was as follows:

PRIMARY GOVERNMENT

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,276,455	\$ -	\$ -	\$ 3,276,455
Capital assets, being depreciated:				
Land improvements	5,762,657	1,169,933	-	6,932,590
Buildings/building improvements	53,899,741	1,335,824	-	55,235,565
Machinery and equipment	17,281,936	1,184,339	182,918	18,283,357
Infrastructure	59,116,572	2,601,759	741,046	60,977,285
Subtotals	136,060,906	6,291,855	923,964	141,428,797
Less accumulated depreciation for:				
Land improvements	3,049,326	266,232	-	3,315,558
Buildings/building improvements	19,896,472	1,501,904	378	21,397,998
Machinery and equipment	12,720,335	2,004,480	178,552	14,546,263
Infrastructure	28,770,932	1,847,214	726,544	29,891,602
Subtotals	64,437,065	5,619,830	905,474	69,151,421
Total capital assets, being depreciated, net	71,623,841	672,025	18,490	72,277,376
Governmental activities capital assets, net	<u>\$ 74,900,296</u>	<u>\$ 672,025</u>	<u>\$ 18,490</u>	<u>75,553,831</u>
Less related long-term debt outstanding				<u>29,311,521</u>
Invested in capital assets, net of related debt				<u>\$ 46,242,310</u>

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 1,152,212	\$ -	\$ -	\$ 1,152,212
Work in progress	7,121	675	-	7,796
Subtotals	1,159,333	675	-	1,160,008
Capital assets, being depreciated:				
Land improvements	14,368,649	6,980	-	14,375,629
Buildings/building improvements	9,684,595	1,789,797	14,580	11,459,812
Machinery and equipment	14,057,668	1,150,408	812,266	14,395,810
Subtotals	38,110,912	2,947,185	826,846	40,231,251
Less accumulated depreciation for:				
Land improvements	7,113,869	621,093	13,627	7,721,335
Buildings/building improvements	7,209,520	408,939	93,530	7,524,929
Machinery and equipment	8,378,081	941,321	893,047	8,426,355
Subtotals	22,701,470	1,971,353	1,000,204	23,672,619
Total capital assets, being depreciated, net	15,409,442	975,832	(173,358)	16,558,632
Business-type activities capital assets, net	\$ 16,568,775	\$ 976,507	\$ (173,358)	17,718,640
Less related long-term debt outstanding				92,770
Invested in capital assets, net of related debt				\$ 17,625,870

Depreciation expense was charged to functions of the County as follows:

PRIMARY GOVERNMENT

Governmental activities

General government	\$ 652,573
Public safety	1,838,750
Public works	1,848,133
Health and human services	247,350
Culture, recreation and education	907,526
Conservation and development	125,498
Total depreciation expense - governmental activities	<u>\$5,619,830</u>

Business-type activities

Highway	\$ 960,651
Health Care Center	289,654
Airport	584,314
Rolling Meadows Golf Course	119,840
Landfill	16,894
Total depreciation expense - business-type activities	<u>\$1,971,353</u>

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

Capital asset activity of the Housing Authority for the year ended June 30, 2010 was as follows:

DISCRETELY PRESENTED COMPONENT UNIT

	Beginning Balance	Increases	Decreases	Ending Balance
Fond du Lac County Housing Authority:				
Capital assets, not being depreciated:				
Land	\$ 17,387	\$ -	\$ -	\$ 17,387
Construction in progress	49,775	-	49,775	-
Subtotals	67,162	-	49,775	17,387
Capital assets, being depreciated:				
Leasehold improvements	86,030	-	-	86,030
Buildings/building improvements	2,280,137	234,182	-	2,514,319
Machinery, equipment, furnishings	95,986	5,472	11,673	89,785
Subtotals	2,462,153	239,654	11,673	2,690,134
Less accumulated depreciation	1,407,381	107,990	8,996	1,506,375
Total capital assets being depreciated, net	1,054,772	131,664	2,677	1,183,759
Total capital assets, net	\$ 1,121,934	\$ 131,664	\$ 52,452	\$ 1,201,146

Depreciation expense was charged to functions of the Housing Authority as follows:

DISCRETELY PRESENTED COMPONENT UNIT

Low Rent Public Housing	\$ 96,271
Capital Fund Program	8,625
Voucher Program	3,094
Total depreciation expense- Housing Authority	<u>\$ 107,990</u>

7. Interfund Receivable, Payables, and Transfers

The composition of interfund balances as of December 31, 2010 is as follows:

Due to/from other funds:		Amount
Receivable Fund	Payable Fund	
Temporary Cash Advances to Finance Operating Cash Deficits:		
General Fund	Rolling Meadows Nursing/Rehab Center	\$ 34,391
	Golf Course	1,235,372
	Airport	43,802
	Landfill	38,807
Total		<u>\$1,352,372</u>

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

Interfund transfers for the year ended December 31, 2010 were as follows:

	Transfer to Fund	Transfer from Fund
Transfers between Funds		
General Fund	\$ 2,903,332	\$ 402,195
Special Revenue Funds		
County Road & Bridge	-	702,476
Dept. of Community Programs	-	1,053,366
Dept. of Social Services	-	1,622,370
Nutrition Program	48,863	-
Debt Service Funds		
Advance Alliant Energy – Jail Expansion	-	1
G.O. Refunding Bonds (2001)	75,000	-
G.O. Taxable Refunding Bonds (2002)	-	42,980
G.O. Promissory Notes (2008)	-	1
Internal Service Funds		
Health Self Insurance Fund	-	4,644
Central Maintenance	-	20,000
Capital Project Fund – Jail Expansion	-	29,950
Enterprise Funds		
Highway	715,939	-
Health Care Center	14,958	-
Rolling Meadows Nursing/Rehab Center	272,891	-
Airport	-	153,000
Totals	\$ 4,030,983	\$ 4,030,983

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

8. Deferred Revenues

Governmental activities and governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for resources that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue were as follows:

	Unavailable	Unearned
Subsequent year tax levy receivable:		
General	\$ -	\$ 16,551,721
County Road & Bridge	-	2,987,972
Dept of Community Programs	-	4,192,063
Dept of Social Services	-	7,572,288
Debt Service	-	5,158,960
Central Maintenance – Internal Service Fund	-	230,520
Delinquent property taxes receivable – General Fund	-	507,855
CDBG loans thru FCEDC	802,393	-
Mercury Marine loans thru FCEDC	50,691,111	-
County revolving loan fund thru FCEDC	300,000	-
Grant and other receivables	661,583	738,946
Totals	\$ 52,455,087	\$ 37,940,325

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

9. Long-term Obligations

The following is a summary of changes in long-term obligations of the County for the year ended December 31, 2010:

	Outstanding 1/1/10	Issued	Retired	Outstanding 12/31/10	Due Within One Year
GOVERNMENTAL ACTIVITIES:					
General Obligation Debt					
Bonds	\$ 12,755,000	\$ -	\$ 680,000	\$ 12,075,000	\$ 785,000
Notes	41,390,000	31,400,000	3,070,000	69,720,000	3,190,000
Total General Obligation Debt	54,145,000	31,400,000	3,750,000	81,795,000	3,975,000
Alliant Energy Advance	239,163	-	230,642	8,521	8,521
State trust fund loan	228,000	-	-	228,000	51,680
Compensated absences	1,317,461	29,926	49,925	1,297,462	482,281
Unfunded other post employment benefits	926,081	302,837	-	1,228,918	-
Governmental activities					
Long-term liabilities	\$ 56,855,705	\$ 31,732,763	\$ 4,030,567	\$ 84,557,901	\$ 4,517,482
BUSINESS-TYPE ACTIVITIES:					
Alliant Energy Advance	\$ 115,963	\$ -	\$ 23,193	\$ 92,770	\$ 23,192
Capital Lease	11,342	-	11,342	-	-
Compensated absences	434,125	21,138	64,593	390,670	208,975
Unfunded other post employment benefits	331,317	59,505	-	390,822	-
Business-type activities					
Long-term liabilities	\$ 892,747	\$ 80,643	\$ 99,128	\$ 874,262	\$ 232,167

Total interest paid during the year on long-term debt totaled \$1,835,237.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$30,436 of internal service funds compensated absences and unfunded other post employment benefits are included in the above amounts.

The Housing Authority, a discretely presented component unit, has no long term debt at June 30, 2010.

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Bonds

\$6,070,000 issued 12/4/02; \$380,000 to \$605,000 due annually through 2015; interest 3.00% to 5.00% \$ 2,720,000

\$9,800,000 issued 3/1/05; \$130,000 to \$920,000 due annually through 2025; interest 3.25% to 4.00% 9,355,000

Notes

\$3,415,000 issued 4/3/06; \$415,000 to \$645,000 due annually through 2013; interest 4.00% 1,325,000

\$4,500,000 issued 4/2/07; \$430,000 to \$750,000 due annually through 2014; interest 4.00% 2,825,000

\$1,500,000 issued 4/15/08; \$1,500,000 due in 2012; interest 5.00% 1,500,000

\$9,080,000 issued 4/15/08; \$1,205,000 to \$1,695,000 due annually through 2014; interest 3.50% 6,210,000

\$6,885,000 issued 4/6/09; \$425,000 to \$1,915,000 due annually through 2016; interest 3.00% to 4.00% 6,460,000

\$20,000,000 issued 11/17/09; \$20,000,000 due in 2012; interest 3.00% 20,000,000

\$10,000,000 issued 3/1/10; \$10,000,000 due in 2012; interest 2.375% 10,000,000

\$20,000,000 issued 9/1/10; \$2,500,000 due annually through 2020; interest 2.00% to 4.10% 20,000,000

\$1,400,000 issued 11/15/10; \$400,000 to \$1,000,000 due annually through 2015; interest 2.00% 1,400,000

Total Outstanding General Obligation Debt \$81,795,000

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

Annual principal and interest maturities of the outstanding general obligation debt of \$81,795,000 on December 31, 2010 are detailed below:

Year Ended December 31	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 3,975,000	\$ 2,690,422	\$ -	\$ -	\$ 3,975,000	\$ 2,690,422
2012	35,800,000	2,423,518	-	-	35,800,000	2,423,518
2013	7,215,000	1,318,737	-	-	7,215,000	1,318,737
2014	6,945,000	1,094,238	-	-	6,945,000	1,094,238
2015	5,875,000	891,850	-	-	5,875,000	891,850
2016-2020	17,775,000	2,371,400	-	-	17,775,000	2,371,400
2021-2025	4,210,000	436,400	-	-	4,210,000	436,400
	<u>\$81,795,000</u>	<u>\$11,226,565</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$81,795,000</u>	<u>\$11,226,565</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

Legal Margin for New Debt

The County's legal margin for creation of additional general obligation debt on December 31, 2010 was \$269,933,730 as follows:

Equalized valuation of the County	\$7,034,574,600
Statutory limitation percentage	(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes	<u>351,728,730</u>
Less: Total outstanding general obligation debt applicable to debt limitation	<u>81,795,000</u>
Legal Margin for New Debt	<u><u>\$ 269,933,730</u></u>

10. Fund Equity/Net Assets

Government-wide Statements

Net assets of the governmental activities reported on the government-wide statement of net assets at December 31, 2010 includes the following:

Invested in capital assets, net of accumulated depreciation and net of related debt	
Land/land improvements	\$ 6,893,487
Buildings/building improvements	33,837,567
Machinery and equipment	3,737,094
Infrastructure	31,085,683
Less: related long-term debt outstanding	<u>(29,311,521)</u>
Total Invested in Capital Assets, Net of Related Debt	46,242,310
Restricted	
Cash	82,143
CDBG loans	802,393
County revolving loan	300,000
Sheriff Canine Fund	50,000
Unrestricted	<u>11,736,169</u>
Total Governmental Activities Net Assets	<u><u>\$ 59,213,015</u></u>

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

Net assets of the business-type activities reported on the government-wide statement of net assets at December 31, 2010 includes the following:

Invested in capital assets, net of accumulated depreciation and net of related debt

Work in progress	\$ 7,796
Land/land improvements	7,806,505
Buildings/building improvements	3,934,883
Machinery and equipment	5,969,456
Less: related long-term debt outstanding	(92,770)
Total Invested in Capital Assets, Net of Related Debt	17,625,870
Unrestricted	266,469
Total Business-Type Activities Net Assets	<u>\$ 17,892,339</u>

Fund Statements

In the fund financial statements, portions of governmental fund balances are reserved and not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2010, fund balance was reserved as follows:

General Fund	
Reserved for inventories and prepaid items	\$ 441,706
Reserved for delinquent property taxes	1,593,602
Dept of Community Programs	
Reserved for inventories and prepaid items	91,425
Dept of Social Services	
Reserved for inventories and prepaid items	149,898
Debt Service	
Reserved for retirement of long-term debt	2,358
Nutrition Fund	
Reserved for inventories and prepaid items	2,111
Sheriff Canine Fund	
Reserved for sheriff canine fund	50,000
Total	<u>\$2,331,100</u>

Also in the fund financial statements, portions of governmental fund balances have been designated to represent tentative management plans that are subject to change. At December 31, 2010, fund balance was designated as follows:

MAJOR FUNDS

General Fund

 Designated for subsequent years expenditure \$7,852,034

Special Revenue Funds

County Road & Bridge

 Designated for subsequent years expenditure 1,432,829

Capital Project Funds

Interoperability Project

 Designated for subsequent years expenditure 15,187

NONMAJOR FUNDS

Permanent Fund

Sheriff Canine Fund

 Designated for subsequent years expenditure 14,822

Total

\$9,314,872

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE D - OTHER INFORMATION

1. Retirement Commitments

All eligible County employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All permanent employees expected to work at least 600 hours a year (440 hours for teachers) are eligible to participate in the WRS. Covered employees in the General/Teacher/Educational Support Personnel category are required by statute to contribute 6.2% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security, and 3.9% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. The County funds the employee share, with a maximum County contribution per pay period or annually, based on level of position and/or employment group. Required employee contributions in excess of this amount are paid by the employee. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for County employees covered by the WRS for the year ended December 31, 2010 was \$36,871,794; the employer's total payroll was \$38,585,291. The total required contribution for the year ended December 31, 2010 was \$4,260,014, which consisted of \$2,030,163, or 5.5% of covered payroll from the employer and \$2,229,851, or 6.0% of covered payroll from employees. \$2,128,063 of the required contribution for employees for the year ended December 31, 2010 was financed by the County. Total contributions for the years ending December 31, 2009 and 2008 were \$4,443,926 and \$4,524,003, respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupation employees with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. A final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 or after April 24, 1998 are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes.

The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

The Housing Authority, a discretely presented component unit, does not provide a retirement plan for its' employees.

2. Other Post Employment Benefits

Plan Description – The County provides health care insurance coverage for employees who retire at blended rates. This results in an other post-employment benefit for the retirees, commonly referred to as an implicit rate subsidy. The retired employee contributes 100% of the premium. There are 656 active and 80 retired employees in the plan.

Annual OPEB Cost and Net OPEB Obligation – The County's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

The following table shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

Component	Amount
Annual required contribution	\$ 537,032
Interest on net OPEB	62,870
Adjustment to annual required contribution	(81,796)
Annual OPEB cost (expense)	518,106
Less: Contributions made	(117,364)
Change in net OPEB obligation	400,742
OPEB obligation – beginning of year	1,257,398
Extraordinary item-transfer to Lakeland Care District	(38,400)
OPEB obligation – end of year	<u>\$ 1,619,740</u>

The annual required contribution for the current year was determined as part of the January 1, 2010 actuarial valuation using the unit credit actuarial cost method. The actuarial assumptions included a 5.0% discount rate.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized using a level dollar amount of projected payroll method.

Trend Information – The County's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/08	\$ 829,699	24.2%	\$ 628,699
12/31/09	\$ 866,371	26.1%	\$1,269,070
12/31/10	\$ 518,106	22.65%	\$1,619,740

Funding Status and Funding Progress – As of January 1, 2010, the most recent actuarial valuation date, the County's unfunded actuarial accrued liability (UAAL) was \$4,245,879. The annual payroll for active employees covered by the plan for the 2010 fiscal year was \$36,871,794 for a ratio of the UAAL to covered payroll of 11.52%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2010 actuarial valuation, the unit credit actuarial cost method was used. The actuarial assumptions included a rate of 5.0% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 17.7% for medical, reduced by decrements to an ultimate rate of 5.0% after five years. The UAAL is being amortized using a level dollar method.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

3. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. The County completes an annual review of its insurance coverage to ensure adequate coverage.

4. Contingencies

a. The County participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations " and the "State Single Audit Guidelines" issued by the Wisconsin Department of Administration has been conducted, but final acceptance is still pending. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

b. Medicare and Medicaid cost reports of the Health Care Center and Rolling Meadows Nursing and Rehabilitation Center Enterprise Funds and the Home Health Program in the General Fund have been submitted to the appropriate authorities. These reports are subject to audit by representatives of these programs, which may result in increases or decreases in funding.

c. From time to time, the County is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and legal counsel that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the County's financial position or results of operations.

5. Limitations on the County's Tax Levy, Tax Levy Rate and Its Ability to Issue New Debt

Wisconsin Act 25 imposed a limit on the property tax levies for all of Wisconsin cities, villages, towns and counties for a two-year period effective July 25, 2005. Subsequent legislation extended the levy limit through 2011. The current law limits the increase in the maximum allowable tax levy to the greater of the percentage change in the County's January 1st equalized value as a result of net new construction or three percent per year in both the 2010 and 2011 budget years. The actual limit for the County for the 2011 budget was 3.00%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, the Act allows the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

6. Conduit Debt Obligations

From time to time, the County has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, the ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, nor the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2010, there are two series of Revenue Bonds outstanding. The first, a \$1,000,000 Revenue Bond, Series 1998, was approved by the Fond du Lac County Housing Authority and the Fond du Lac County Board to finance the renovation and rehabilitation of existing facilities of the Fond du Lac Lutheran Home, Inc. The second, a reissuance of \$1,185,000 Health Care Facilities Revenue Bonds, Series 2000, closed in December, 2003, was approved by the Fond du Lac County Board to finance the acquisition and capital improvements of facilities of the ARC of Fond du Lac, a Wisconsin nonprofit corporation. These bonds are a limited obligation of the County payable solely from revenues received by the County pursuant to a note and sale agreement with ARC of Fond du Lac.

FOND DU LAC COUNTY, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

7. Transfer of Care Management Organization to Lakeland Care District

In April, 2009, the Fond du Lac County Board of Supervisors authorized participation in a regional long term care district, jointly with Manitowoc and Winnebago counties, named the Lakeland Care District. The Wisconsin Department of Health Services entered into a contractual agreement with the Lakeland Care District to provide family care services to the multi-county district effective January 1, 2010. Creative Care Options of Fond du Lac County ceased operating on December 31, 2009. The Fond du Lac County Board authorized the transfer of the assets, liabilities and equity of Creative Care Options to the Lakeland Care District on January 1, 2010 by resolution adopted in November, 2009. Accordingly, the County completed the transfer in the amount of \$7,026,429 on January 1, 2010.

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